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TAGS: [ECON](#) [ETRD](#) [ELAB](#) [PGOV](#) [BA](#) [BILAT](#) [ECTRD](#) [OFFICIALS](#)  
SUBJECT: CROWN PRINCE, AMCHAM DISCUSS ECONOMIC  
ACCOMPLISHMENTS AND CHALLENGES

REF: MANAMA 219

Classified By: Ambassador William T. Monroe, reasons 1.4 (b) and (d).

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SUMMARY  
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¶1. (C) In a June 11 meeting with the local AmCham board of directors, Crown Prince Shaikh Salman noted the range of commercial development taking place in Bahrain and applauded the Ambassador's assistance in implementing the FTA, which he hoped would benefit Bahraini businesses in the US. He believed Bahrain had implemented plans to address its unemployment problem and acknowledged that developing expertise in pharmaceutical production could be a natural outgrowth of that plan. The CP said the GOB currently needed to develop a workable mechanism for awarding land for commercial development. He predicted that, with Bahrain's continuing development, Bahrain would face an energy shortage followed by a water shortage. End Summary.

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CP HIGHLIGHTS COMMERCIAL ADVANCES  
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¶2. (C) Crown Prince Shaikh Salman bin Hamad Al Khalifa July 11 received the newly-elected board of the local American Chamber of Commerce. The Ambassador and Econoff hold honorary seats on the board and were present at the meeting. (Note: The King has charged the CP with overseeing Bahrain's economic development. Among his duties, the CP is the Chairman of the Economic Development Board. End Note.) The CP acknowledged the range of positive commercial developments taking place in Bahrain, from Microsoft's establishment of a regional headquarters in Bahrain to the development of a new information technology park. He also asserted Bahrain's claim as the financial capital of the Middle East. "With 400 financial institutions operating here, we may not be the largest in size, but we are the largest in terms of numbers."

¶3. (U) The CP thanked the Ambassador for his assistance in implementing the US-Bahrain Free Trade Agreement (FTA) and said he was eager to see the FTA yield increased trade opportunities for Bahraini businessmen operating in the US. On trade, the Ambassador noted that a delegation organized by the US-Bahrain Business Council had come to Bahrain at the end of May and anticipated a much larger return visit around November. That delegation would include as many as 80 senior US business executives representing a range of business sectors. The Ambassador noted that Bahrain has an opportunity to position itself as a regional leader in the

production of pharmaceuticals. Bahrain has made significant strides in the protection of intellectual property and boasts a well-educated workforce. The CP agreed that this would fit strategically with Bahrain's goal of providing high skill jobs for Bahrainis.

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CHALLENGES ON THE HORIZON  
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¶4. (C) The CP said he believed Bahrain had already substantially addressed its unemployment problem (reftel). (Note: Ministry of Labor officials report that since the 2006 implementation of the National Employment Plan, unemployment has dropped in Bahrain from 15% to just 3.8%, though unofficial observers place this number higher. End Note.) However, he pointed out the GOB's current lack of a mechanism for efficiently and transparently awarding government land for commercial development as a drag on investment and growth. Once that challenge was addressed, he said that Bahrain would face the problem of ensuring adequate energy supplies to support Bahrain's continuing development. After that, he predicted Bahrain would confront a coming shortage of water.

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